



*Advisory Board Quarterly Meeting
Fourth Quarter FY07*

Presented to
District Energy Advisory Board

August 16, 2007



Agenda

1. Call to Order
2. Review and Approval of Meeting Minutes for May 17, 2007
3. Review and Comparison of DES Unit Costs
4. Review of Operations Monitoring Reports
5. Natural Gas Purchasing Up-Date
6. Financial Report: 4th Quarter FY07
7. Status of Budget FY08
8. Capital Projects Review
9. Customer Contract Capacity Reviews
10. Other Board Member Items
11. Adjourn



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1. Call to Order



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2. Review and Approval of Meeting Minutes of May 17, 2007



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3. Review and Comparison of DES Unit Costs

Summary Table 3A: FY07 & FY06
Unit Cost Comparison

Summary Table 3B: National Unit
Cost Comparison



Summary Table 3A: FY07 & FY06 Unit Cost Comparison

	Steam (\$ per m lb)			Chilled Water (\$ per ton-hr)		
	FY06	FY07	% Diff.	FY06	FY07	% Diff.
Private	\$26.37	\$25.86	-2.0%	\$0.176	\$0.168	-4.8%
State	\$24.73	\$27.75	10.3%	\$0.164	\$0.163	-0.6%
Metro	\$29.23	\$27.68	-5.6%	\$0.183	\$0.156	-17.3%
All ISC	\$27.11	\$26.43	-2.6%	\$0.161	\$0.155	-3.9%
Aggregate	\$26.11	\$27.12	3.7%	\$0.177	\$0.163	-8.6%

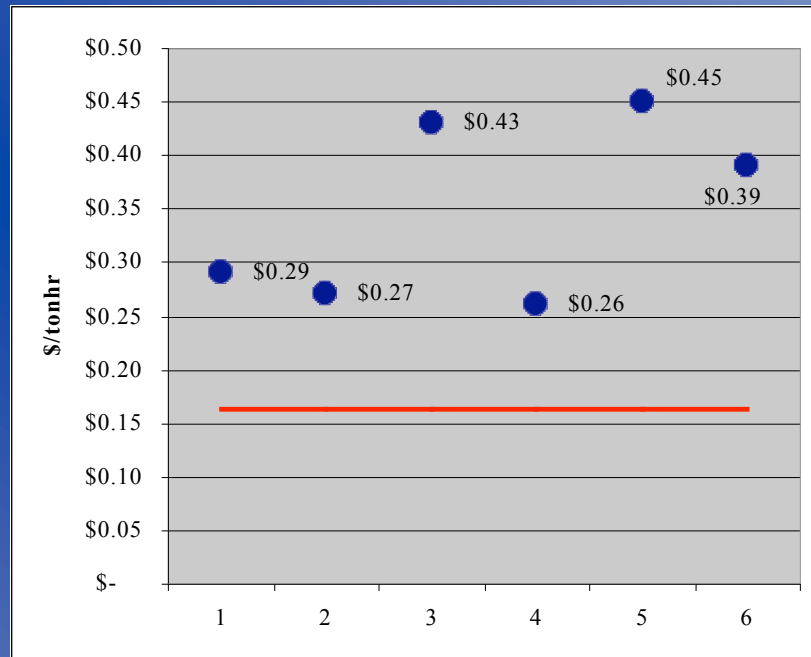


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Summary Table 3B: National Unit Cost Comparison



Steam



Chilled Water



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4. Review of Operations Monitoring Reports 4th Quarter FY07



Quarterly Monitoring Report Outline

1. Operations

- Steam: Sales, Sendout, Losses and HDD
- Chilled Water: Sales, Sendout, Losses and CDD

2. Performance Measurement

- Steam: Fuel, Condensate Return, Electricity, Water
- Chilled Water: Electricity, Water

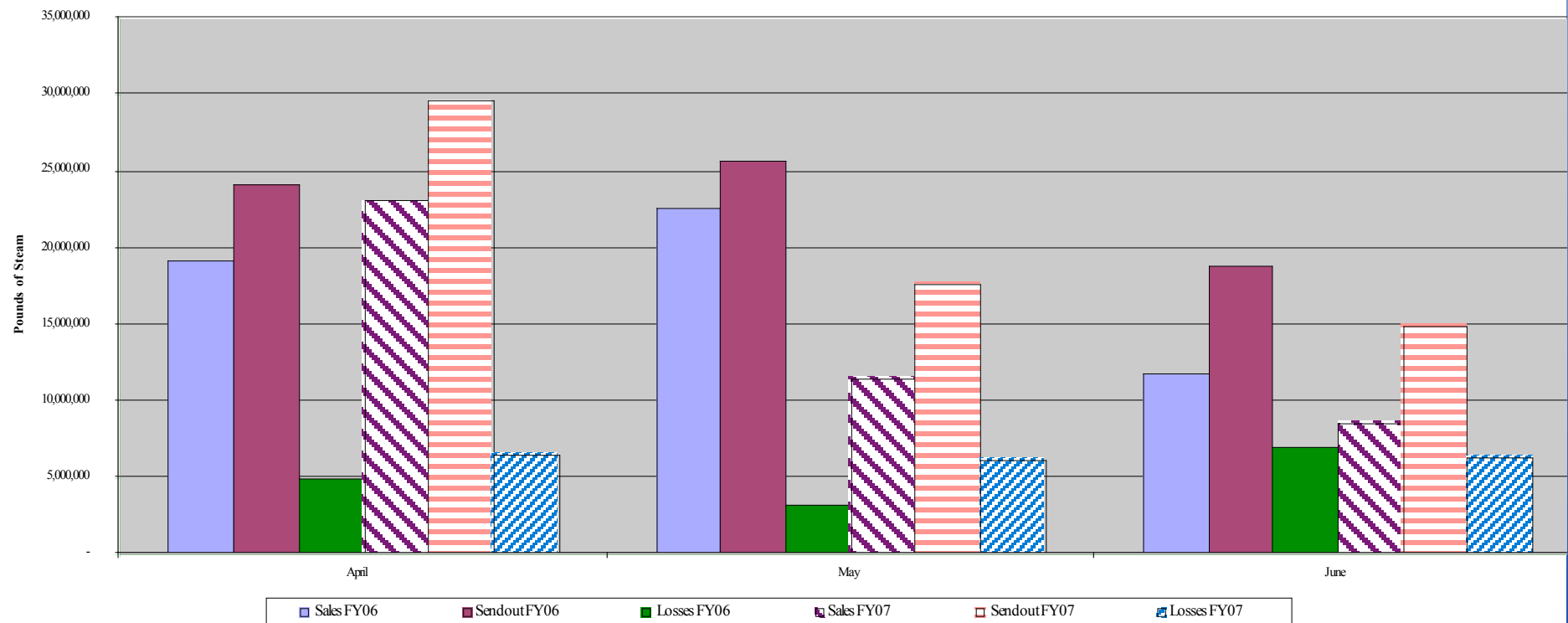
3. EGF Walkthrough

4. EDS Walkthrough



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Operations Summary 4th Quarter FY07: Steam



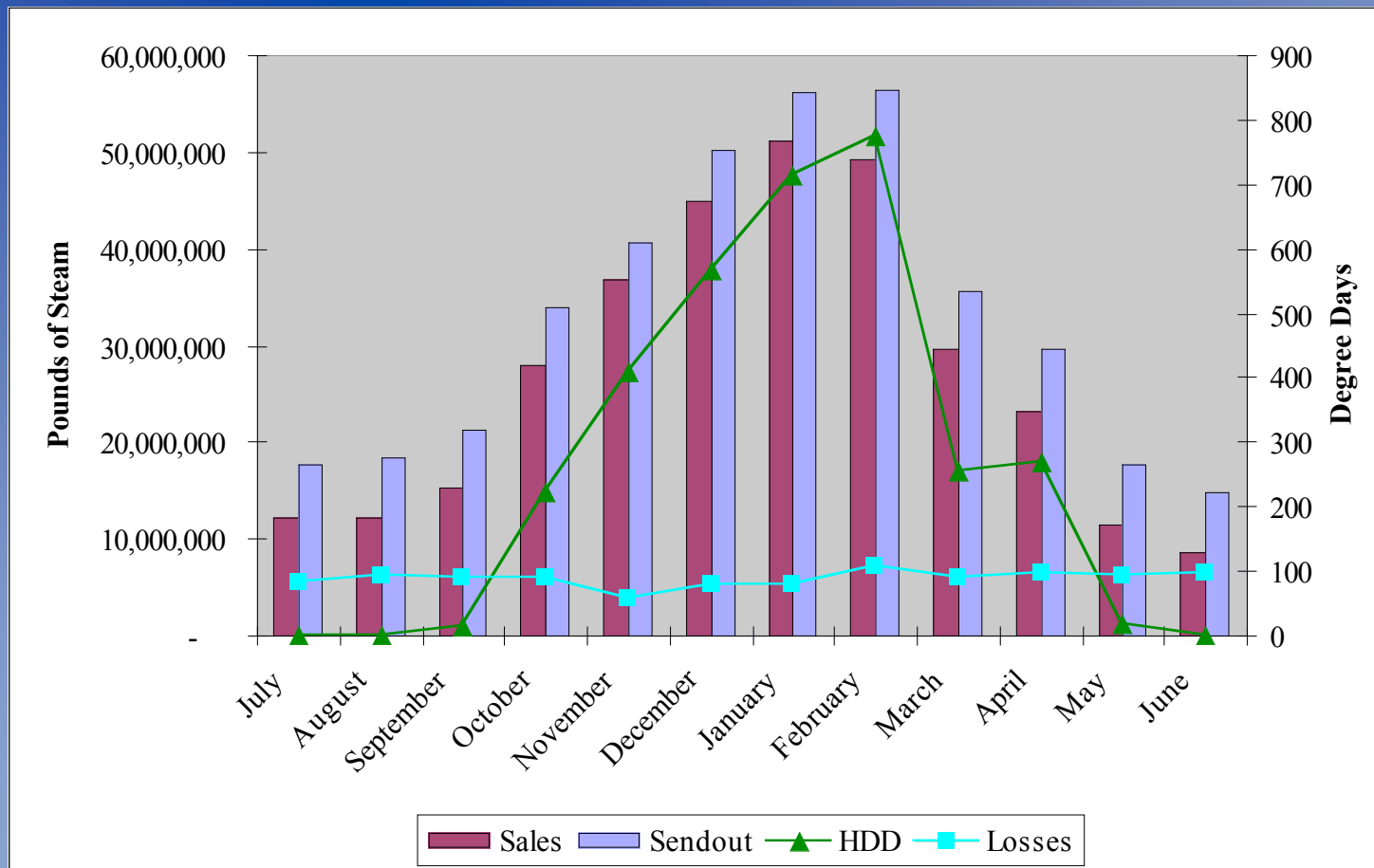


Operations Annual Summary FY07: Steam

	FY06	FY07	% Difference
Sales (Mlbs)	304,334	322,648	5.68%
Sendout (Mlbs)	354,779	392,839	9.69%
Losses (Mlbs)	50,445	70,191	28.13%
Peak (pph)	108,781	122,250	11.02%
Load Factor	37.23%	36.68%	-1.49%
HDD	3,322	3,241	-2.50%



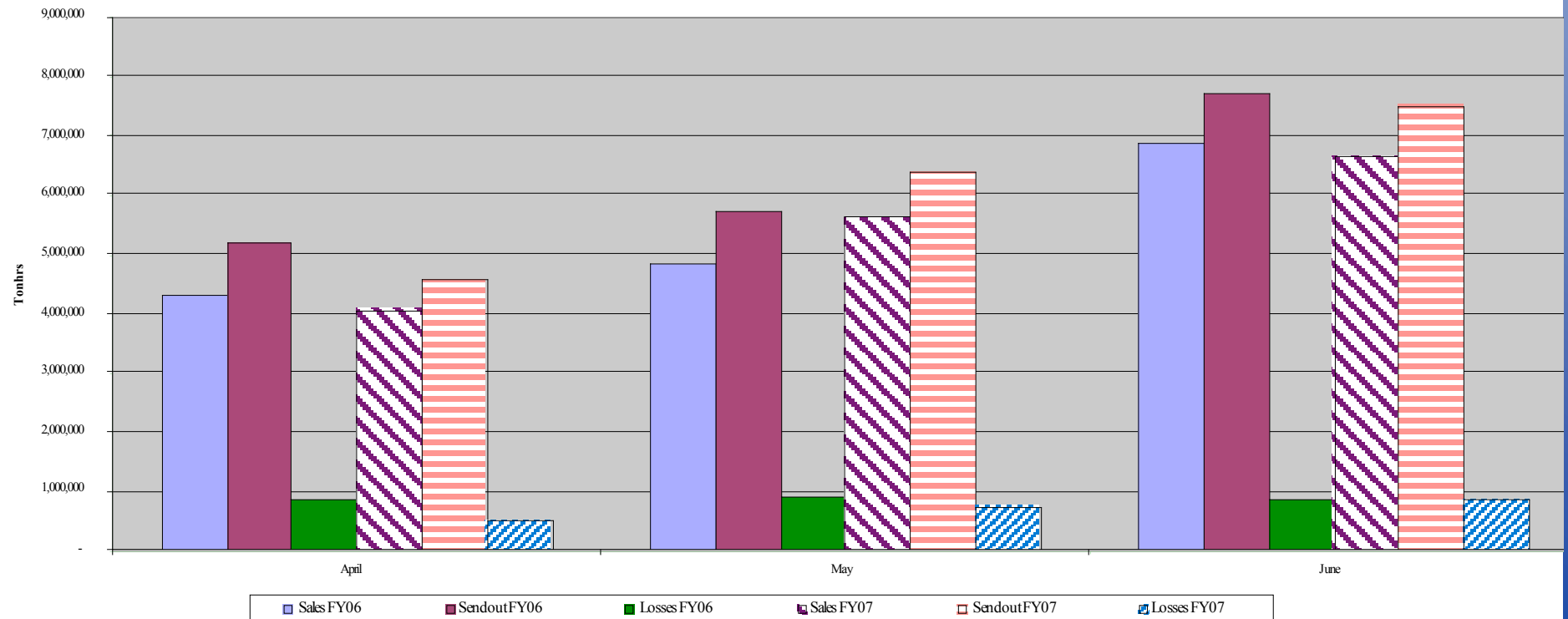
Operations Annual Summary FY07: Steam





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Operations Summary 4th Quarter FY07: Chilled Water





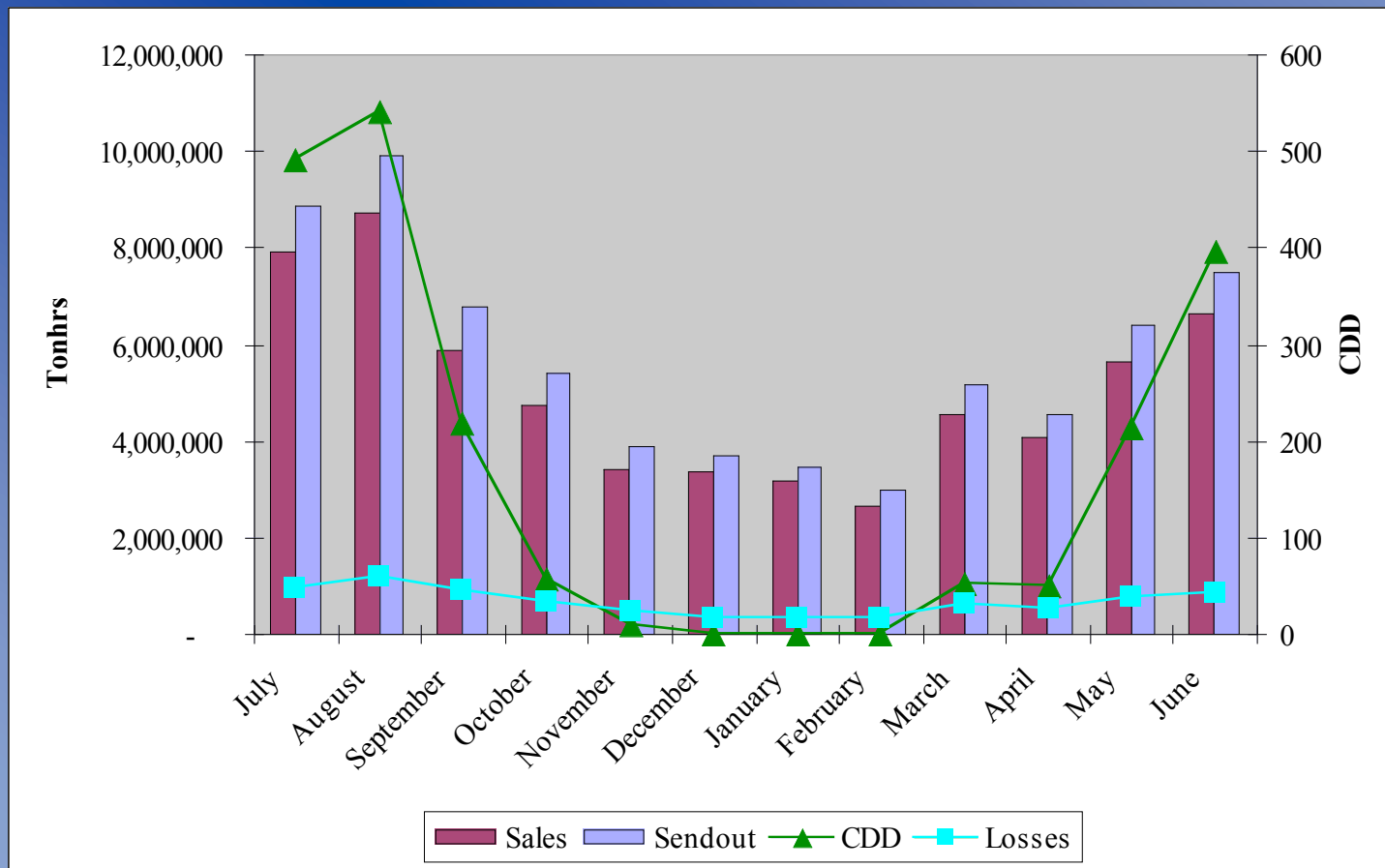
Operations Annual Summary FY07: Chilled Water

	FY06	FY07	% Difference
Sales (tonhrs)	52,304,033	60,720,304	13.86%
Sendout (tonhrs)	62,554,400	68,604,100	8.82%
Losses (tonhrs)	10,250,367	7,883,796	-30.02%
Peak (tons)	16,251	17,300	6.06%
Load Factor	43.94%	45.27%	2.93%
CDD	2,023	2,026	0.15%



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Operations Annual Summary FY07: Chilled Water



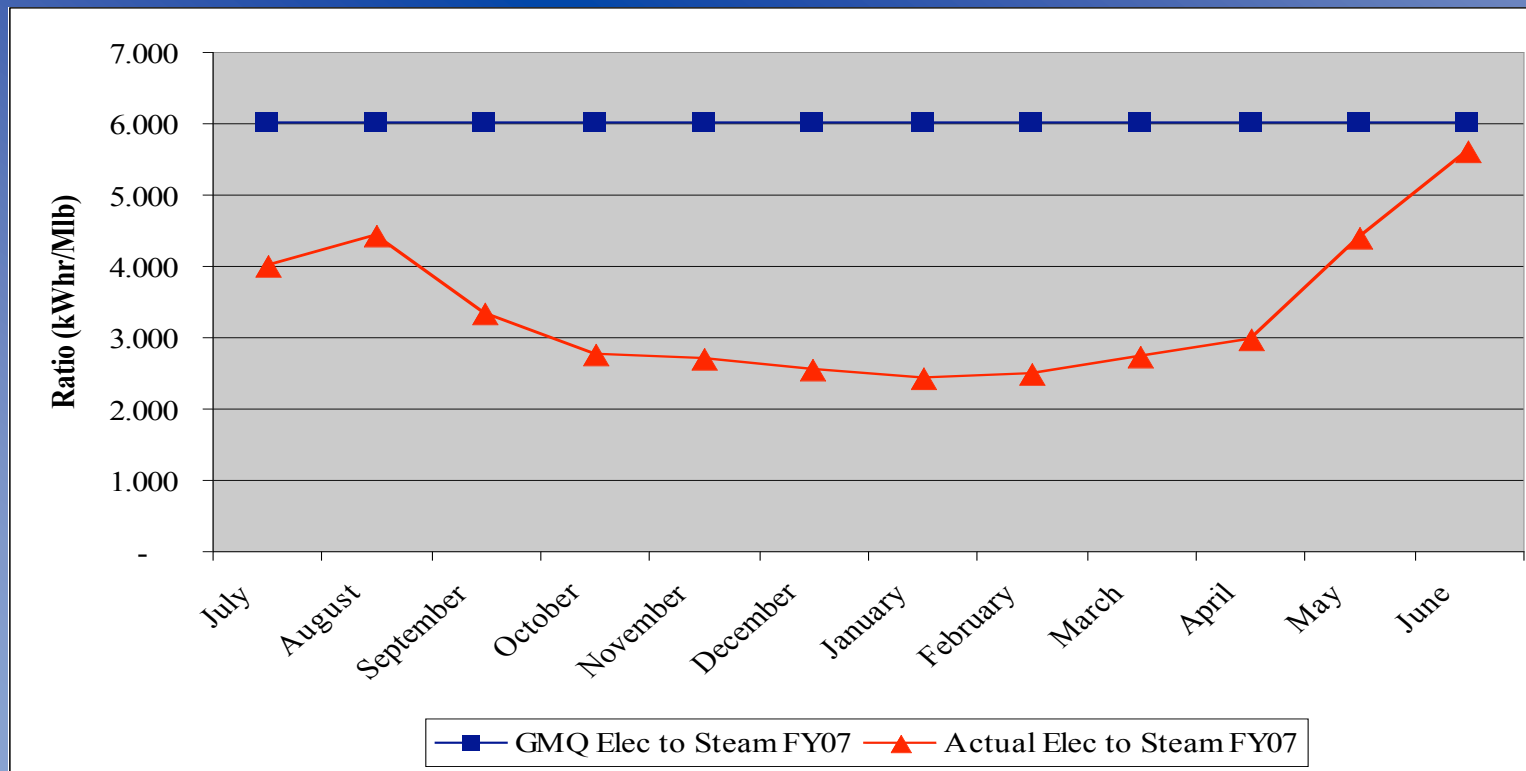


Performance Summary FY07: Steam

	4 th Qtr FY06	4 th Qtr FY07	% Diff		Total FY06	Total FY07	% Diff
GMQ Elec (kWhr/Mlb)	6.00	6.00			6.00	6.00	
Act Elec (kWhr/Mlb)	3.01	3.87	22.3%		2.91	2.91	0.0%
GMQ Fuel (Dth/Mlb)	1.778	1.774			1.778	1.778	
Act Fuel (Dth/Mlb)	1.461	1.410	-3.6%		1.459	1.451	-0.5%
GMQ Water (kgal)	9,675	6,554			49,838	53,148	
Act Water (kgal)	9,100	5,980	-52.2%		46,357	50,770	8.7%

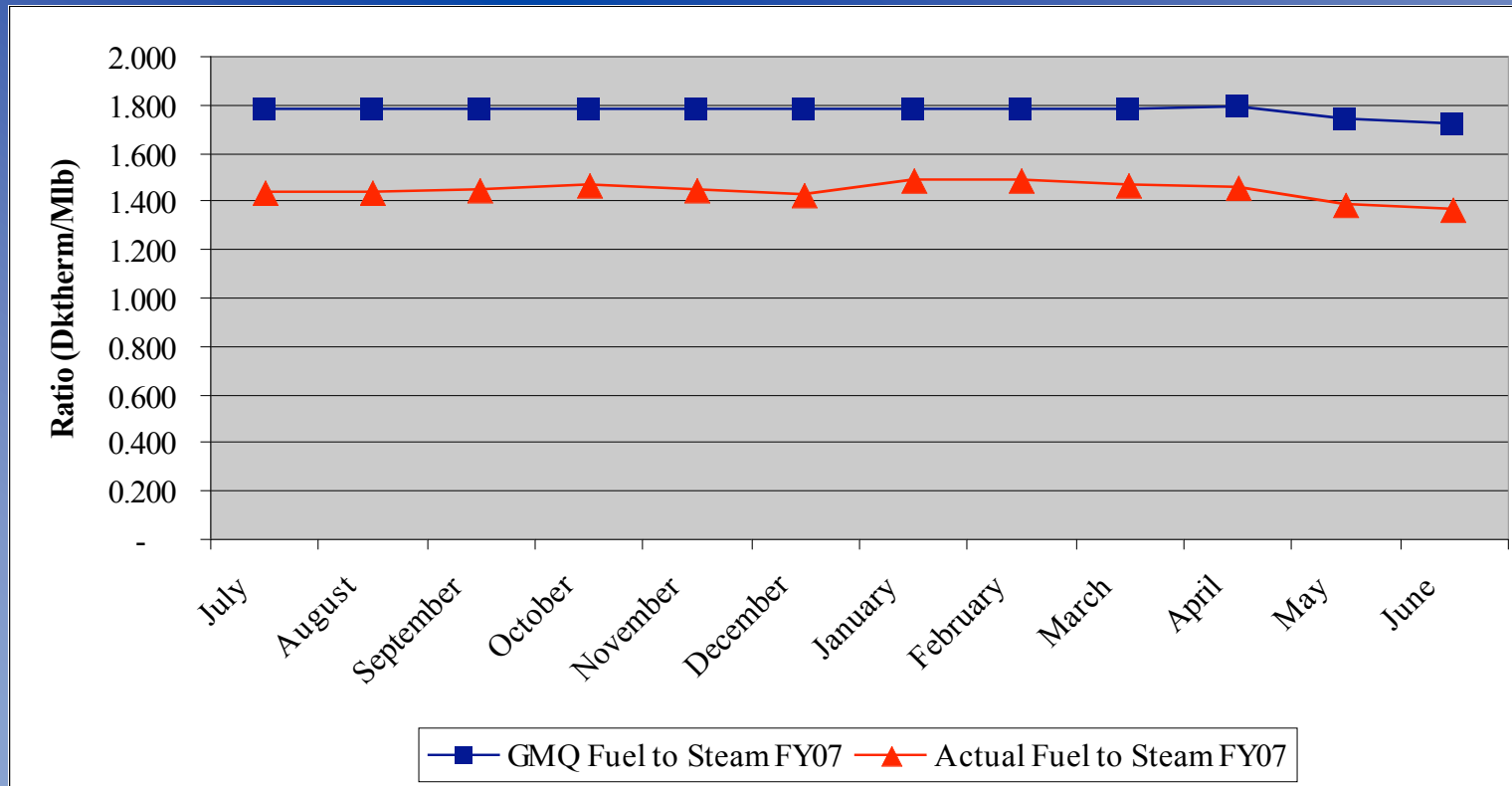


Performance Measurement FY07: Steam Electric Conversion





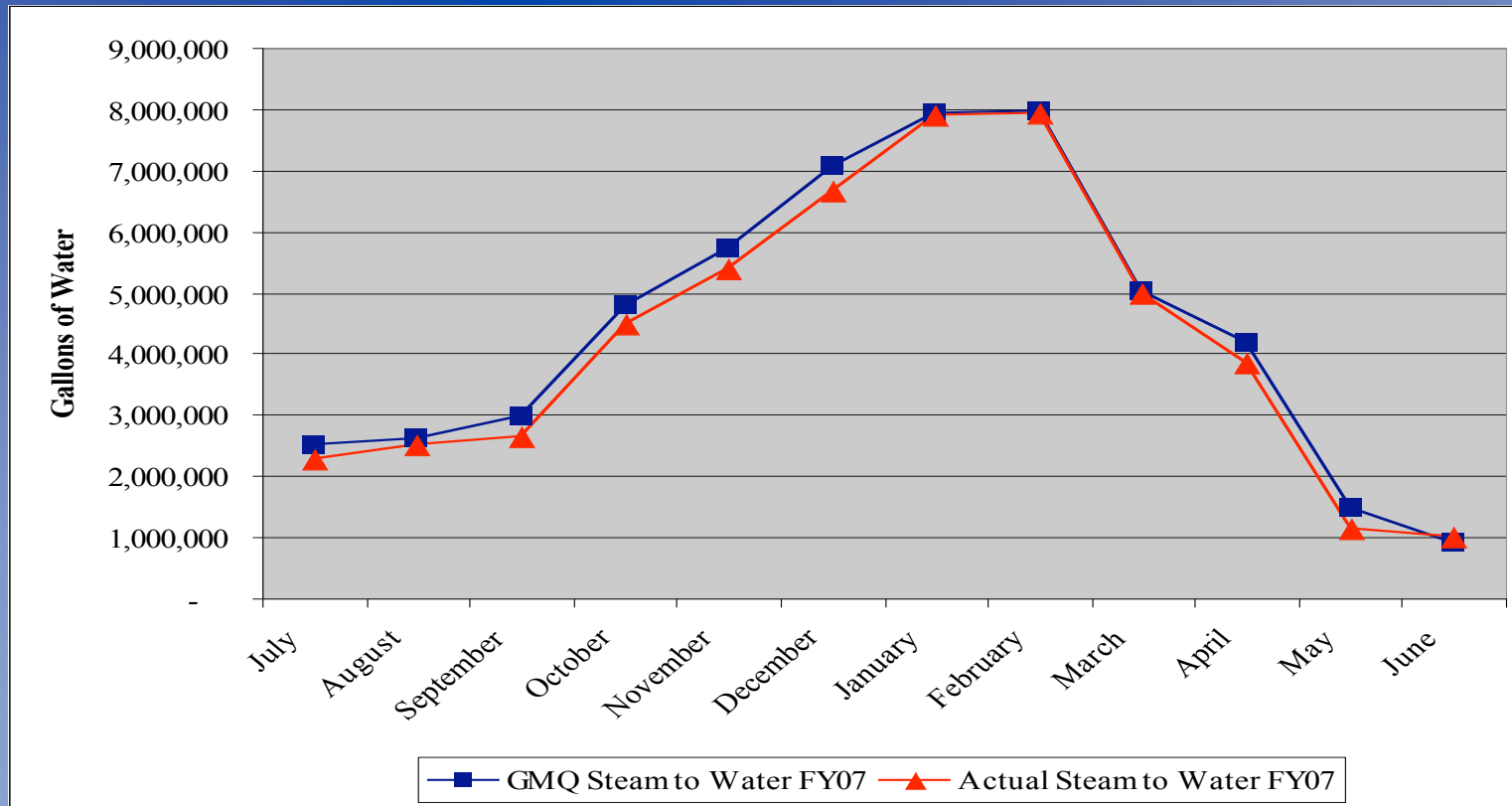
Performance Measurement FY07: Steam Plant Efficiency





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Performance Measurement FY07: Steam Water Conversion



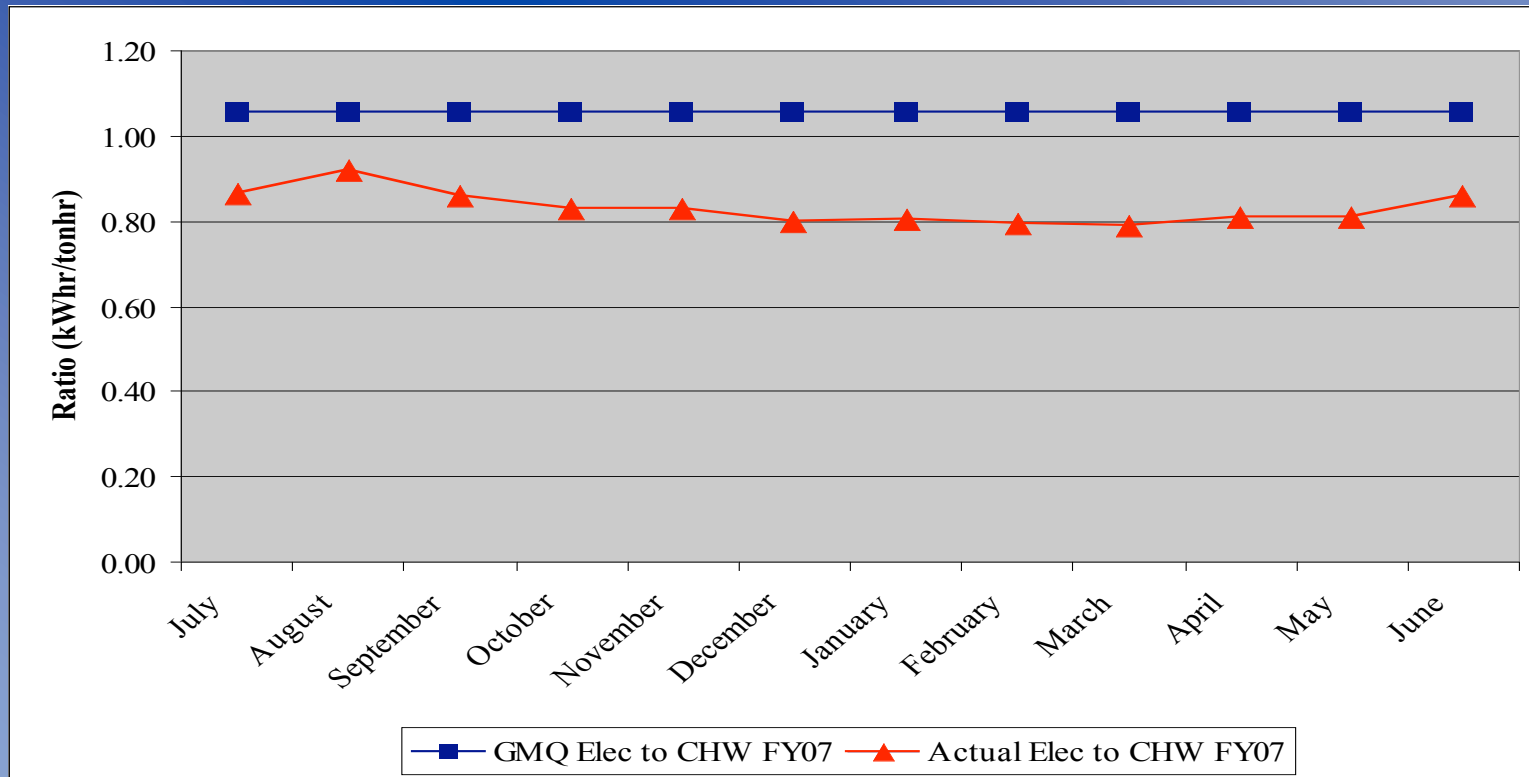


Performance Summary FY07: Chilled Water

	4 th Qtr FY06	4 th Qtr FY07	% Diff		Total FY06	Total FY07	% Diff
GMQ Elec (kWhr/tonhr)	1.055	1.055			1.055	1.055	
Act Elec (kWhr/tonhr)	0.847	0.831	-1.9%		0.905	0.843	-7.3%
GMQ Water (gal/tonhr)	5.25	5.25			5.25	5.25	
Act Water (gal/tonhr)	2.10	2.26	6.8%		2.13	2.09	-2.0%

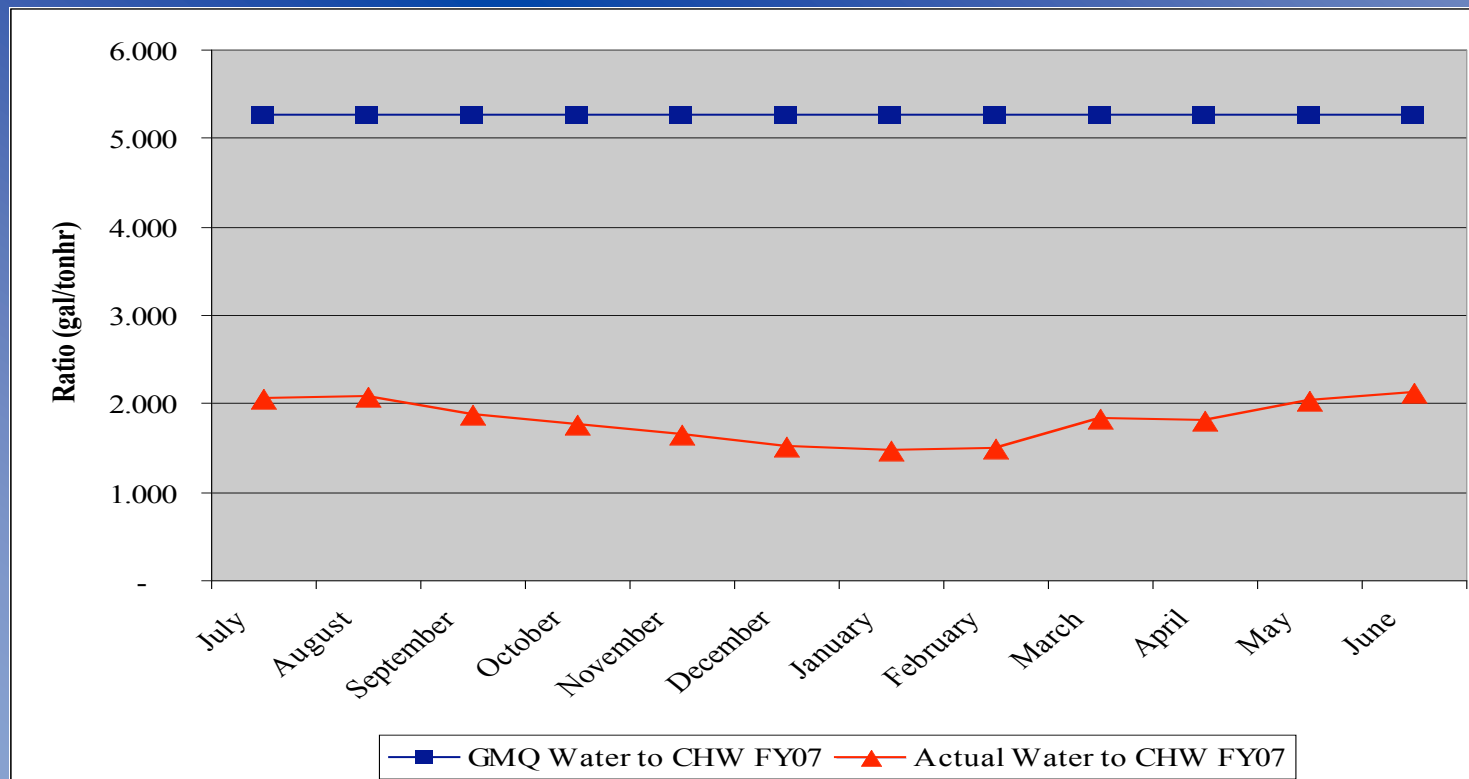


Performance Measurement FY07: Chilled Water Electric Conversion





Performance Measurement FY07: Chilled Water Water Conversion





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EGF Walkthrough



Quarterly Inspection Process

- Log Book
- Housekeeping
- Boiler Shut-down
- Building Structure
- Safety Equipment
- Instrumentation and controls
- Building exterior and grounds



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EDS Walkthrough



Quarterly Inspection Process

- Housekeeping
- Maintenance Items
- Safety Items



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5. Natural Gas Purchasing Up-date

Natural Gas Purchasing Review

**Table 5A: FY07 Gas Spending &
Budget Comparison**

**Table 5B: Projected Gas Costs for
FY08**



Table 5A: FY07 Gas Spending & Budget Comparison

	Actual FY07	Budget FY07
Steam Sales (Mlbs)	322,648	358,770
Steam Sendout (Mlbs)	392,839	416,173
Fuel Use (Dth)	569,952	618,017
Plant Eff (Dth/Mlb)	1.451	1.485
Total Gas Cost	\$5,825,586	\$8,015,491
Unit Cost of Fuel (\$/Dth)	\$10.221	\$12.970



Table 5B - Projected Gas Costs for FY08

								NDESTargetedHedge Volumes		
	Estimated Consumption (Dth)	Hedged Quantity Dth	Hedge WACOG Price	Current Market Price	Average Commodity Price	Marked to Market Value (Loss)/Gain	Actual Hedged Percentage Level	NDESTarget Hedge Percentage	% of NDES Target Volume Unhedged	# Contracts to Meet NDES Target
Jul-07	26,000	20,700	\$8.668	\$6.929	\$8.313	-\$35,993.16	80%	80%	0%	0.0100
Aug-07	27,000	21,600	\$8.652	\$5.863	\$8.094	-\$60,246.72	80%	80%	0%	0.0000
Sep-07	34,000	27,300	\$8.689	\$5.949	\$8.149	-\$74,812.92	80%	80%	0%	0.0000
Oct-07	48,000	38,600	\$8.673	\$6.128	\$8.175	-\$98,244.72	80%	80%	0%	0.0000
Nov-07	62,000	43,500	\$8.758	\$7.078	\$8.257	-\$73,088.70	70%	80%	10%	0.6100
Dec-07	81,000	48,300	\$8.894	\$8.028	\$8.544	-\$41,803.65	60%	80%	20%	1.6500
Jan-08	86,000	52,000	\$8.890	\$8.468	\$8.723	-\$21,928.40	60%	80%	20%	1.6800
Feb-08	72,000	42,900	\$8.888	\$8.488	\$8.726	-\$17,155.71	60%	80%	20%	1.4700
Mar-08	62,000	37,100	\$8.899	\$8.338	\$8.674	-\$20,820.52	60%	80%	20%	1.2500
Apr-08	50,000	20,100	\$8.818	\$7.713	\$8.157	-\$22,212.51	40%	80%	40%	1.9800
May-08	36,000	14,500	\$8.819	\$7.678	\$8.138	-\$16,543.05	40%	80%	40%	1.4300
Jun-08	28,000	11,100	\$8.832	\$7.768	\$8.190	-\$11,811.51	40%	80%	40%	1.1200
Summary	612,000	377,700	\$8.805	\$7.369	\$8.422	-\$494,661.57	63%	80%	17%	11.2000

The result of the conference call (06/25/07) was to increase the hedged amounts highlighted to the levels shown



6. Financial Reports: 4th Quarter FY07

Item		FY07 Budget	FY07 Actual Costs	% of Budget
FOC	Basic	\$3,659,463	\$3,659,463	100.00%
	9th Chiller	\$34,289	\$34,290	100.00%
	C/O 6A	\$67,698	\$67,698	100.00%
	C/O 6B	\$59,267	\$56,230	94.87%
Chemicals		\$132,870	\$152,008	114.40%
Engineering		\$53,788	\$0	0.00%
Insurance		\$32,632	\$39,883	122.22%
Marketing	- CES Sales Activity	\$30,000	\$21,544	71.81%
	- Metro Marketing	\$59,700	\$37,716	63.18%
	- Incentive Payments	\$28,528	\$28,415	99.60%
	- Metro Project Admin	\$61,300	\$0	0.00%
Metro Incremental Cost		\$592,100	\$654,023	110.46%
Water		\$693,918	\$532,910	76.80%
Natural Gas		\$8,015,491	\$5,567,840	69.46%
Electricity		\$4,318,594	\$3,892,522	90.13%
EDS Repair & Improvement		\$161,363	\$11,729	5.19%
EDS Surcharge		\$64,438	incl.	
FEA	Steam		\$182,556	
	CHW		\$145,098	
Subtotal - Operations		\$18,065,440	\$15,083,923	83.50%
Debt Service	2002 Bonds	\$4,299,502	\$4,299,500	100.00%
	2005 Bonds	\$637,838	\$637,838	100.00%
Oper. Reserve Funding Deposit		\$433,274	\$433,272	100.00%
Total		\$23,436,054	\$20,454,533	87.28%
Revenue		\$21,153,871	\$18,642,753	88.13%
Metro Funding Amount		\$2,282,182	\$1,811,780	79.39%



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7. Status of Budget FY08

FY08 Budget Review

**Table 7A: FY08 Operating
Budget**

**Table 7B: FY08 Capital Projects
Budget**



Table 7A: FY08 Operating Budget

Item		FY07 Budget	FY08 Budget	% Change from FY07
FOC:	Basic	\$3,659,463	\$3,769,247	3.0%
	9th Chiller	\$34,289	\$35,318	3.0%
	C/O 6A	\$67,698	\$69,729	3.0%
	C/O 6B	\$59,267	\$61,045	3.0%
	Chemicals	\$132,870	\$156,500	17.8%
	Engineering	\$53,788	\$55,401	3.0%
	Insurance	\$32,632	\$41,200	26.3%
Marketing:	CES Sales Activity	\$30,000	\$27,000	-10.0%
	Metro Marketing	\$59,700	\$53,730	-10.0%
	Incentive Payments	\$28,528	\$29,200	2.4%
	Project Administration	\$61,300	\$25,640	n/a
	Metro Incremental Cost	\$592,100	\$617,560	4.3%
	Water	\$693,918	\$681,640	-1.8%
	Natural Gas/Propane	\$8,015,491	\$7,099,510	-11.4%
	Electricity	\$4,318,594	\$4,693,460	8.7%
	EDS Repair & Improvement	\$161,363	\$166,204	3.0%
	EDS Surcharge	\$64,438	\$66,371	3.0%
	Subtotal - Operations	\$18,065,440	\$17,648,756	-2.3%
Debt Service	2002 Bonds	\$4,299,502	\$4,297,569	0.0%
	2005 Bonds	\$637,838	\$629,838	-1.3%
	FY07 Projects		\$227,769	n/a
	Oper. Reserve Funding Deposit	\$433,274	\$191,460	-55.8%
	Subtotal - Capital	\$5,370,614	\$5,346,635	-0.4%
	Total	\$23,436,054	\$22,995,390	-1.9%



Table 7B: FY08 Capital Projects Budget

Description	Budget
MH 5 to MH 9 on 5 th Ave CR Replacement	\$550,000
MH 6 to MH 23 on Union St CR Replacement	\$550,000
Sheraton Hotel CR Replacement	\$150,000
Ryman Auditorium CR Replacement	\$150,000
State Steam Tunnel	\$325,000
Tunnel Lighting & Electrical Phase III	\$90,000
Temporary Boiler Connection at MH 15	\$93,500
MH and Tunnel Insl Repair & Replacement	\$100,000
Tunnel & MH Access Modifications	\$220,000
Exp Joint Replacement 4 th Ave Tunnel	\$20,000
PM, Contingency & EDS Upgrades	\$500,000
Total	\$2,748,500



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8. Capital Projects Review

Financial Summary

Table 8A: Capital Projects Summary

Table 8B: Capital Project Detail



Table 8A: Capital Project Summary (6/30/07)

	Spent to End of 3 rd Qtr	4 th Qtr Spending	Balance at End of 4 th Qtr
2002A Bond Projects	\$3,564,576	\$35,026	\$126,788
R&I Projects	\$116,879	\$9,342	\$282,723
2005B Bond Projects	\$7,373,649	\$45,244	\$768,119
2007 Bond Projects	\$31,822	\$1,947,806	\$878,872
Total	\$11,086,926	\$2,033,369	\$2,060,577



Table 8B: Capital Project Detail (6/30/07)

	Budget	Spent through 6/30/07	Remaining to Be Spent
2002A Projects			
Tennessee Towers Decoupling	\$1,350,422	\$1,223,634	\$126,788
<u>Total Closed Projects</u>	<u>\$2,377,281</u>	<u>\$2,377,281</u>	<u>\$0</u>
Total 2002A Projects	\$3,727,703	\$3,600,915	\$126,788
Repair/Improvement	\$353,463	\$126,221	\$282,723
2005B Projects			
Renaissance Re-piping	\$538,818	\$575,865	(\$37,047)
Customer Metering	\$1,676,439	\$1,675,826	\$614
Regions Cond Line Replacement	\$320,000	\$1,236	\$318,764
General and Admin	\$866,710	\$315,570	\$551,140
<u>Total Closed Projects</u>	<u>\$4,785,044</u>	<u>\$4,850,396</u>	<u>(\$65,352)</u>
Total 2005B Projects	\$8,187,011	\$7,418,893	\$768,119



Table 8B (cont'd): Capital Project Detail (6/30/07)

	Budget	Spent through 6/30/07	Remaining to Be Spent
2007 Projects			
MH 18 to L Steam/Cond Replacement	\$818,206	\$789,055	\$29,151
TN Tower Cond Line Replacement	\$317,031	\$254,777	\$62,754
MH 5 to 6 Cond Replacement	\$489,688	\$393,868	\$95,820
JK Polk Cond Line	\$413,123	\$385,018	\$28,105
Tunnel Lighting Ph II	\$152,551	\$0	\$152,551
General and Admin	\$484,152	\$0	\$484,152
<u>Total Closed Projects</u>	<u>\$183,749</u>	<u>\$157,411</u>	<u>\$26,338</u>
Total 2007 Projects	\$2,858,500	\$1,979,628	\$878,872



9. Customer Contract Capacity Reviews

- Most Customers Incurring TIFS
 - 21 in April 07
 - 21 in May 07
 - 20 in June 07
 - Same Customers Repeat
- Ryman Auditorium Steam Demand Excursion April 2007



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10. Other Board Member Items



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11. Adjourn